

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA**

**UNITED STATES OF AMERICA**

**\* CRIMINAL DOCKET NO. 08-03**

**v.**

**\* SECTION: "A"**

**JAMES ANGEHR  
JOHN FOWLER**

**\* VIOLATION: 18 USC § 371**

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**FACTUAL BASIS**

Should this matter proceed to trial, the United States of America will prove beyond a reasonable doubt, through credible testimony and reliable evidence, the following facts.

Defendants James Angehr and John Fowler are owners and corporate officers of Engineering Dynamics, Inc. ("EDI") which is a Kenner, Louisiana engineering company that designed, produced, marketed, and supported Structural Analytical Computer Software ("SACS"), an engineering software program intended to assist in the design of offshore oil and gas structures. SACS is a controlled product under various United States laws and regulations due to the product's sophistication and its potential use.

Nelson Galgoul, through his company Suporte, is the Brazilian business agent for EDI. Galgoul has been distributing and providing technical support for SACS, to several oil and maritime

companies in the Country of Iran. SACS is a software program used in the design of mostly oilfield related structures such as offshore drilling platforms. In particular, Galgoul serviced SACS and taught Iranian engineers how to design platforms using this software from 1995 through 2007. The origin of the software Galgoul provides to Iran is from the corporate office of EDI, located at 2113 38th Street, Kenner, Louisiana.

The International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701-1706, which was enacted on December 28, 1977, authorized the President of the United States to impose economic sanctions against a foreign country in response to an unusual or extraordinary threat to the national security, foreign policy, or economy of the United States when the President declares a national emergency with respect to that threat.

On March 15, 1995, the President issued Executive Order No. 12957 finding that "the actions and policies of the Government of Iran constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States" and declaring "a national emergency to deal with that threat." Executive Order No. 12957, as expanded and continued by Executive Orders No. 12959 and 13059 and successive Presidential notices, was in effect at all times relevant to the Indictment.

Executive Orders No. 12959 and 13059 (the "Executive Orders") imposed economic sanctions, including a trade embargo, on Iran. The Executive Orders prohibited, among other things, the exportation, re-exportation, sale, or supply, directly or indirectly, to Iran of any goods, technology, or services from the United States or by a United States person. The Executive Orders also prohibited any transaction by any United States person or within the United States that evaded

or avoided, or had the purpose of evading or avoiding, any prohibition set forth in the Executive Orders. Information received from the U.S. Department of State database, revealed that Galgoul possesses a United States Passport, indicating that he is a United States citizen. When he was conducting his activities, Galgoul possessed dual U.S. and Brazilian citizenship. He traveled to Iran using a Brazilian passport.

The Executive Orders authorized the Secretary of the Treasury, in consultation with the Secretary of State, "to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out the purposes" of the Executive Orders. Pursuant to this authority, the Secretary of the Treasury promulgated the Iranian Transactions Regulations ("ITR"), 31 C.F.R. Part 560, which became effective on September 6, 1995, implementing the sanctions imposed by the Executive Orders.

Under the Iranian Transactions Regulations, 31 C.F.R. Part 560:

- a. Section 560.204 provided that no goods, technology, or services may be exported, re-exported, sold, or supplied to Iran, directly or indirectly, from the United States or by a United States person wherever located, without authorization. 31 C.F.R. 560.204
- b. Section 560.203 prohibited any transaction by any United States person or within the United States that evaded or avoided, or had the purpose of evading or avoiding, or that attempted to violate, any of the prohibitions set forth in Part 560. Section 560.203 further prohibited any attempt to violate the prohibitions contained in Part 560. 31 C.F.R. § 560.203.

Beginning in or around March, 1995, and continuing through in or around February, 2007, within the Eastern District of Louisiana and elsewhere, Angehr and Fowler, and others knowingly combined, conspired, confederated, and agreed with each other to commit an offense against the United States, to wit, to wilfully violate IEEPA and the ITR by exporting and attempting to export U.S. origin commodities to Iran without having first obtained the required authorizations from United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"), and to provide engineering services to the Iranian offshore industry which sometimes involved the use of SACS software, in violation of Title 50, United States Code, Section 1705 and Title 31, Code of Federal Regulations, Section 560.

Specifically, after the embargo, Galgoul, at the behest of Angehr, Fowler and EDI, helped mediate the first EDI post-embargo sale to Iran. EDI prepared a document transferring ownership of the SACS software to Galgoul's Brazilian company Suporte so that the export of SACS software to Iran could continue ostensibly as a Brazilian company selling a Brazilian product. However, Angehr and Fowler, were still involved in the development, improvement, marketing, and accounting for the SACS software and EDI received 80% of the sales price from the sales generated by Galgoul in Iran.

OFAC, located in the District of Columbia, had responsibility for administering the ITR and was the entity empowered to authorize transactions with Iran during the embargo. Such authorization, if granted, would be in the form of a license. A query conducted by OFAC for the

existence of a license issued to or applied for by EDI or its corporate officers to export the SACS software to Iran, revealed that no license has been applied for or issued. The query covered the dates from August 1995 to February 2007.

A subsequent query conducted by agents of the Department of Commerce, Office of Export Enforcement, Bureau of Industry and Security, revealed that software of this nature requires a license for export issued in accordance with Section 746.7 of the Exodus Accountability Referral System (EAR). No such license has been applied for or issued to EDI for the SACS software.

On March 7, 2007, agents executed a federal search warrant at the corporate office of EDI. Agents seized documentary and computer stored evidence relating to the sale of the SACS software to Iran by Fowler, Angehr, EDI, and Galgoul.

Forensic examination of EDI computer hardware revealed numerous a-mails generated and/or circulated by Angehr and Fowler and other employees at EDI in furtherance of the conspiracy related to the sale, maintenance, and technical assistance for the SACS software to companies in Iran over an extended period of time from the mid 1990's through 2006.

Forensically recovered e-mails also revealed that Angehr and Fowler were aware of the Presidential Executive Orders prohibiting these transactions with companies in Iran after May of 1995 and conspired to conceal these transactions from discovery by the United States government.

Additional forensically recovered e-mails also revealed that Galgoul traveled to Iran to provide services and technical support to the Iranian companies that he had sold the EDI SACS software. These travels and subsequent services were conducted with the knowledge and consent of Angehr and Fowler.

A sampling of the e-mails between Angehr, Fowler, and Galgoul exhibiting their knowledge and intent to violate by circumventing United States laws throughout the period of the indictment is as follows:

- a. On or about May 11, 1995, Angehr sent Galgoul a telefax which stated, “You may or may not know that our wonderful President Clinton is, or already has, signed an executive order banning trade with Iran. I have to get the details of how soon it goes into effect but I know it is not long from now. I am afraid this is going to have a very detrimental effect on our business there.”
- b. On or about July 17, 1995, Angehr sent a telefax to Suporte which stated, “I spoke with Nelson late last week before he was to leave for Iran. We have discussed with him in detail the prohibition that we now have from the US government regarding trade with Iran.”
- c. On or about August 24, 1995, Angehr sent a telefax to Galgoul which stated in pertinent part, “It seems as though we are going to have some money coming from Brazil as well as from the middle east. I am trying to figure out if there is a way for use (sic) to get it back here in cash. I will give you my thoughts on this in a few days. Please do not address this topic in your telefaxes to us as I do not control who reads them.”
- d. On or about July 21, 1996, Angehr sent a telefax to an EDI employee stating in pertinent part that, “The companies in Iran that we sold software to before the embargo are 1. Iran Marine Industrial Company (IMICO). 2. Namvaran Consulting

Engineers. 3. Petroleum Development and Engineering Company (PEDEC). 4. Iranian Offshore Engineering and Construction Company (IOEC). 5. Sazeh Consultants (Temporary License). Following the embargo through 2006, EDI continued to sell and maintain software for these same Iranian entities directly and through Galgoul.”

- e. In or about 1999, Galgoul sent a facsimile to Angehr which stated in pertinent part, “I paid a visit to our Middle East client, IMICO, on this Qatar trip (they have recently upgraded to 5.0 and purchased a 2d key - total purchase US\$61051 of which you pay me 20% and an additional US \$1000 overdrawn in your last invoice). I was hoping to pick up the old keys, but the person responsible for keeping track of them wasn’t in town. Please make sure their keys EDI410S, EDI411S, EDI416S and EDI442S are still temporary.” In the same facsimile, Galgoul invoiced EDI for \$7,040 in travel expenses.
- f. On January 5, 2000, Galgoul sent Angehr an e-mail which discussed his plans to travel to Tehran, Iran on January 18. Galgoul further stated that “The only place where I use my Brazilian passport is Iran.”
- g. On or about December 4, 2000, Galgoul sought Angehr’s “blessing” relative to a negotiated sale of upgraded software for eight keys sold to IOEC for \$121,244. Galgoul further accounted for the following keys owned by IOEC: 019, 090, 230, 231, 451, 510, 546, 549.

- h. On or about January 17, 2001, Angehr sent an e-mail to an EDI employee directing them not to respond to a sales lead stating, "Please don't respond. I will send it on to Nelson who has taken over our client base in Iran."
- i. On or about August 22, 2001, Galgoul sent Angehr an e-mail concerning a naval architect who has a poor reputation. Galgoul added that "Nevertheless as long as he pays its (sic) fine." In addition, Galgoul states that the software he is working with belongs "to IOEC." "They are the company that has 8 SACS keys and who have been negotiating an upgrade for \$US120000.00. The last I heard from them was that they were in bad financial condition (in spite of being owned by the son of the former president Mr. Rafsanjani, who stepped up into a position between the Ayiatolas (sic) and the present day president when he left office. Right now we have several things cooking up in the middle east: - 2 new companies have informed me that they are buying: ISOICO and PETROIRAN - 2 others are negotiating upgrades: IOEC and IMICO."
- j. On or about February 8, 2002, Galgoul sent Angehr an e-mail referencing "good news." "I just got notified by my bank that the other middle east client paid. I now need new codes for their keys." Later in the e-mail, Galgoul stated, "Please don't forget the ISOICO codes."
- k. On September 18, 2002, Galgoul sent Angehr an e-mail stating in part, "I got 2 payments from my Middle East clients during the last few months: US\$25434.00 and



US\$4765.00, which adds up to US\$30199.50, from which I get \$US6039.90 and leaves EDI with US\$24159.60.”

- l. On or about October 4, 2003, Galgoul provided an accounting of his sales to EDI in an e-mail which reflecting among other things the following payments from an Iranian client SAZEH on the following times and in the following amounts: May 19, 2003 - \$6231.90; June 30, 2003 - \$6231.90; July 7, 2003 - 7930.00; July 23, 2003 - US\$3408.00. In the e-mail to an officer of EDI, Galgoul stated, “Nelson pays EDI 80% of these values, wherefore US\$19041.44.”
- m. In an e-mail to Angehr dated July 10, 2004, Galgoul inquired whether the EDI bookkeeper was familiar with EDI’s billing arrangements with Galgoul and asked, “My question to you is if all of the Middle East things should also be disclosed?” In a response dated July 11, 2004, Angehr stated that “nothing has changed from before” and that the bookkeeper “is not privy to the details of the situation so all she needs to know is the breakdown of what we owe you in commission, training and expenses so she knows how to code it in our accounting system.”
- n. On or about November 30, 2004, Galgoul sent an e-mail to Angehr and Fowler and also another officer of EDI stating, “I got an e-mail from an Iranian company yesterday which has 4 keys on version 5.0, but who I also knew were using pirate versions of SACS. I’ve got some friends there, so I decided to ask what caused the change of policy. Today’s reply tells me that their pirate copies are producing

incorrect results, wherefore they can no longer use them. Isn't that interesting? Have a nice day!"

- o. On December 25, 2004, Galgoul sent an e-mail to Angehr providing "the description of the deal I cut with my middle east client, who was using pirate software." Galgoul also provided information concerning his banking information in Munich, Germany. Angehr responded, saying in pertinent part that, "US\$80K is hard to turn down and I am happy to get them weaned from using pirated copies." Angehr also discussed the need for the client to subscribe to a maintenance agreement and when a new version of the software would be available.
- p. On or about June 13, 2005, Angehr sent an e-mail to various officers and employees of EDI stating that Galgoul "is already scheduled to go to Iran this week and we benefit as much as anybody by this trip because we cannot do business there and he is checking for us to find out if there are any pirated copies of SACS being used. We do not want him to cancel or postpone this trip.
- q. On or about August 12, 2005, Galgoul sent an e-mail to Angehr stating in pertinent part, "IMICO upgraded to a NETWORK version and paid Nelson US\$80000 (Credit to Nelson 20% - US\$16000."

The Government's evidence would demonstrate that Angehr and Fowler continued to be involved in the development, improvement, marketing, and accounting for the SACs software from their Kenner office.

The Government's evidence would demonstrate that Angehr and Fowler were aware that U.S. law prohibited the transfer of SACS software to Iran and that Angehr, Fowler, and EDI continued to knowingly do so after the embargo.

The foregoing facts will be proven by the testimony of Special Agents of Immigration and Customs Enforcement, other competent witnesses, and the production of various admissible documents.

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JOHN FOWLER  
Defendant